

Message Text

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PAGE 01 STATE 177583

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ORIGIN EB-07

INFO OCT-01 ARA-06 ISO-00 AGR-05 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-01 FRB-03

OMB-01 TAR-01 L-03 H-02 SS-15 NSC-05 SSO-00 NSCE-00

USIE-00 INRE-00 /067 R

DRAFTED BY TREASURY:DMACDONALD;EB/ITP:MWGLITMAN

APPROVED BY EB/ITP:MWGLITMAN

TREASURY:WSIMON

STR:FBDEBT

ARA:AFISHLOW

ARA/BR:AMB. CRIMMINS

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FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA IMMEDIATE

C O N F I D E N T I A L STATE 177583

E.O. 11652: ADS, DECLAS AUGUST 4, 1975

TAGS: ETRD, BR

SUBJECT: SECRETARY SIMON'S LETTER TO FINANCE MINISTER
SIMONSEN

1. EMBASSY REQUESTED TO DELIVER FOLLOWING LETTER AS SOON
AS POSSIBLE TO FINANCE MINISTER SIMONSEN. BEGIN TEXT:

DEAR MARIO:

SINCE MY LAST LETTER TO YOU REGARDING OUR PRELIMINARY
COUNTERVAILING DUTY DECISION ON LEATHER HANDBAGS, RUMORS
HAVE REACHED ME TO THE EFFECT THAT THE TREASURY DEPARTMENT
IS CONSIDERING CHANGING ITS POSITION REGARDING THE COUNTER-
VAILING DUTIES ON NON-RUBBER FOOTWEAR AND THAT THE U.S.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 177583

GOVERNMENT IS PREPARING TO IMPOSE IMPORT QUOTAS ON NON-

RUBBER FOOTWEAR.

LET ME UNEQUIVOCALLY ASSURE YOU THAT THE NON-RUBBER FOOTWEAR COUNTERVAILING DUTY PROCEEDING HAS BEEN COMPLETED; THAT THE RESULTS OF THAT PROCEEDING WERE AS DESCRIBED TO YOU IN MY LETTER OF SEPTEMBER 3, 1974; AND THAT THE TREASURY DEPARTMENT HAS NO INTENTION OF REVISITING ITS PRIOR

DECISION. OF COURSE, UNDER THE ORIGINAL DECISION, EACH COMPANY'S COUNTERVAILING DUTY CAN BE REVISED ANNUALLY TO REFLECT THE DEGREE OF UTILIZATION OF BRAZIL'S EXPORT ASSISTANCE PROGRAMS BY THAT COMPANY.

AS YOU KNOW, WE ALSO HAVE PETITIONS BEFORE US ON LEATHER HANDBAGS AND CERTAIN CASTOR OIL PRODUCTS. WHILE WE HAVE NOT COMPLETED OUR INVESTIGATION ON EITHER OF THESE TWO MATTERS, I FEEL CONFIDENT THAT WITH THE SAME SPIRIT OF COOPERATION THAT PREVAILED AS A RESULT OF YOUR LEADERSHIP IN THE NON-RUBBER FOOTWEAR CASE, THESE TWO NEW COMPLAINTS WILL BE HANDLED EQUITABLY TO ALL CONCERNED.

RUMORS THAT THE USG IS PLANNING TO IMPOSE QUOTAS ON SHOE IMPORTS FROM BRAZIL ARE UNFOUNDED. THESE RUMORS MAY HAVE ARISEN OUT OF OUR CONSULTATIONS WITH THE U.S. SHOE INDUSTRY WHICH AS YOU KNOW HAS BEEN REQUESTING INCREASED PROTECTION, ON WAYS TO REDUCE OR ELIMINATE THE DISRUPTIVE EFFECT OF IMPORTS FROM ALL SOURCES. I UNDERSTAND THE INDUSTRY IS CONSIDERING FILING A PETITION FOR IMPORT RELIEF UNDER SECTION 201 OF THE TRADE ACT OF 1974 WITH THE INTERNATIONAL TRADE COMMISSION (ITC). UNDER THIS PROVISION, INJURY OR THREAT THEREOF MUST BE ESTABLISHED AND THE COMMISSION HAS SIX MONTHS TO MAKE A DETERMINATION. PUBLIC HEARINGS WOULD ALSO BE HELD DURING WHICH THE VIEWS OF BRAZILIAN AND AMERICAN IMPORTERS OF BRAZILIAN SHOES COULD BE PRESENTED. IF THE ITC DETERMINATION IS POSITIVE, THE PRESIDENT THEN HAS 60 DAYS TO DETERMINE THE METHOD AND THE AMOUNT OF IMPORT RELIEF HE WILL PROVIDE. POSSIBLE IMPORT RELIEF MEASURES INCLUDE INCREASES IN TARIFFS, IMPOSITION OF QUOTAS, OR NEGOTIATION OF ORDERLY MARKETING AGREEMENTS.

CONFIDENTIAL

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PAGE 03 STATE 177583

I ALSO WISH TO GIVE YOU MY ASSURANCE THAT IF AN ESCAPE CLAUSE FILING SHOULD OCCUR, I WILL SEE TO IT THAT THE U.S. GOVERNMENT UNDERTAKES PROMPT CONSULTATIONS WITH THE BRAZILIAN GOVERNMENT.

I TRUST THIS EXPLANATION ILLUSTRATES THAT TREASURY NEITHER HAS PREJUDGED OUTSTANDING OR FUTURE CASES NOR INTENDS TO REVISE ITS PROCEDURES, AND PUTS TO REST

UNHEALTHY SPECULATION. LET ME REITERATE MY SINCERE
APPRECIATION FOR THE COOPERATION OF THE BRAZILIAN OFFICIALS
IN THE PAST AND HOPE OF CONTINUED COOPERATION IN THE FUT-
URE.

WITH WARM REGARDS,
, ' - ' ' WILLIAM E. SIMON--END TEXT.
INGERSOLL

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXT, FOOTWEAR, LEATHER, DIPLOMATIC COMMUNICATIONS, COUNTERVAILING DUTIES
Control Number: n/a
Copy: SINGLE
Draft Date: 28 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE177583
Document Source: CORE
Document Unique ID: 00
Drafter: DMACDONALD;EB/ITP:MWGLITMAN
Enclosure: n/a
Executive Order: AS AUGUST 4, 1975
Errors: N/A
Film Number: D750260-0313
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750715/aaaaanfj.tel
Line Count: 123
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 04 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 SEP 2003 by WorrelSW>; APPROVED <25 NOV 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SECRETARY SIMON'S LETTER TO FINANCE MINISTER SIMONSEN
TAGS: ETRD, BR, US, (SIMON, WILLIAM E), (SIMONSEN, MARIO H)
To: BRASILIA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006